RECENT CASES

ADMIRALTY — ADOPTION OF ADMIRALTY RULES BY COMMON-LAW COURTS. — A sailor sued in a state common-law court to recover damages for an injury caused at sea by the negligence of the shipowners. *Held*, that damages must be granted in accord with the admiralty rule, not the common law. *Chelentis* v. *Luckenbach S. S. Co.*, 247 U. S. 372.

For a discussion of this case, see NOTES, p. 300, *supra*.

AGENCY — NATURE AND INCIDENTS OF THE RELATION — LIABILITY OF AGENT FOR INTERFERENCE WITH A PROSPECTIVE SALE. — The plaintiff alleged that the defendant was his agent to effect a sale, that the defendant prevented a sale prearranged for a certain price by representing to the purchaser that the defendant had title instead of the plaintiff, that this statement was false and known to the defendant to be false, and that the plaintiff was thereby forced to sell for less. *Held*, that a good cause of action was stated. *Zeck* v. *Bowers*, 171 N. W. 673 (Iowa).

An agent owes a duty of loyalty to his principal. He must take no position conflicting with the interests of the latter. *Quinn* v. *Burton*, 195 Mass. 277, 81 N. E. 257; *Hofflin* v. *Moss*, 67 Fed. 440. See MECHEM ON AGENCY, § 455. And he is liable for any loss to his principal resulting from his disloyalty. *Watson* v. *Bayliss*, 62 Wash. 329, 113 Pac. 770. There seems also to be present here sufficient basis for recovery on the theory of slander of title by a rival claimant. The necessary elements of such an action are a false disparagement of the plaintiff's title, published maliciously, and causing actual damage. *Fearon* v. *Fodera*, 169 Cal. 370, 148 Pac. 200. See SALMOND ON TORTS, 3 ed., § 149, 4, 7. The defendant's knowledge that his representation was false probably constitutes malice. *Long* v. *Rucker*, 166 Mo. App. 572, 149 S. W. 1051. See J. Smith, "Disparagement of Property," 13 COL. L. REV. 30. Still another ground for the decision could be found in the wrongful interference with the plaintiff's advantageous relation. Where the plaintiff would have entered into a contract but for the wrongful interference of a third party, the interference has been held to be a tort. *Lewis* v. *Bloede*, 202 Fed. 7; *Tarleton* v. *M'Gawley*, 1 Peake, 270. This goes a step further than the principle, now well established, that it is a tort for a third person to induce a breach of contract. *Lumley* v. *Gye*, 2 E. & B. 216. See Notes, 31 HARV. L. REV. 1017. This doctrine is increasing in favor, but still faces serious opposition. *Davidson* v. *Oakes*, 128 S. W. 944.

BANKRUPTCY — BANKRUPTCY ACT OF 1898 — CONSTRUCTION OF § 4 A — MEANING OF THE WORD "RAILROAD." — An electric street railway operating a short line over the streets of a single town filed a voluntary petition in bankruptcy. The Bankruptcy Act of 1898 (§ 4 a) provides that a "railroad" may not be granted voluntary bankruptcy. *Held*, that the petitioner be adjudicated a bankrupt. *Matter of Grafton Gas & Electric Light Co.*, 42 Am. B. R. 567 (Dist. Ct., N. D., W. Va.).

Railroads are not subject to bankruptcy proceedings, under § 4 of the Bankruptcy Act, for the reason that they are the most important of all public-service corporations. Transportation must not be interrupted while their financial affairs are being straightened out. See *In re Hudson River Power Transmission Co.*, 183 Fed. 701, 704. The proper method of dealing with insolvent railroads, therefore, is by way of a receivership rather than by proceedings in bankruptcy. Street railways are the most important local public utilities. Like considerations exist for including them in the exception of § 4 as exist in the